

THE MISSOURI BUDGET

FISCAL YEAR 2009

BUDGET SUMMARY

I. OVERVIEW

Governor Blunt's Fiscal Year 2009 budget recommendations build on his commitment to fund priorities such as education and health care without the need for increases in taxes. For the second consecutive year, the Governor's budget preserves a substantial ending balance of general revenue. This balance will serve as a safety net if revenues fall short of expectations or to fund key priorities, including our children's education and healthcare for our most vulnerable citizens, in future fiscal years. In addition, the Governor's budget includes an important tax reform and incentive package that saves taxpayers \$37.1 million annually.

Governor Blunt's highest priority is education. This commitment is reflected not only in annual increases in elementary and secondary education, but in building a world class higher education system as well. The Governor's FY 2009 budget recommendations include:

- \$121.3 million increase to fully fund the third year of the state's foundation formula at over \$2.96 billion.
- \$36 million increase to various elementary and secondary education programs including A+ schools, eMINTS, Parents as Teachers, Virtual Schools, Early Head Start, High Need, Early Childhood Special Education, Sheltered Workshops, After School programs, and teacher scholarships.
- \$46.2 million for the UMC Ellis Fischel Cancer Center, and the UMKC Pharmacy and Nursing Building.
- \$40.2 million in additional direct funding for Missouri colleges and universities.
- \$27.9 million increase for the Access Missouri need-based scholarship program.
- \$13.4 million in new funding for the Preparing to Care initiative to help expand education opportunities for Missouri students pursuing careers in health-related fields.

Governor Blunt is committed to reducing the number of Missourians without health insurance and wants to remove obstacles so that more Missourians can afford health insurance. He proposes offering choice and security for consumers and improving health care for the state's most vulnerable citizens through the new MO HealthNet Program. Additionally, Governor Blunt also supports improving services and enhancing the safety of Missourians with mental health needs, especially children. The Governor continues to be a proponent for creating healthy lifestyles. The Governor's FY 2009 recommendations include:

- \$482.9 million for the new MO HealthNet Program in the departments of Social Services, Mental Health, and Health and Senior Services including provider rate increases, increased costs of pharmacy benefits, dental/optical services, creating a health care home, health care technology initiatives, women's health services, and additional coverage for children.
- \$347.6 million for the new Insure Missouri Program which offers participants preventive care, prescription drugs, physician services, mental health services, durable medical equipment, and hospital coverage.
- \$28.5 million for the expansion of autism services, rate increases for community mental health providers, additional school-based mental health services, dual diagnosis treatment and services, community care for clients seeking hospitalization for mental health services, staff training, crisis intervention training for law enforcement, and assistance to the homeless with serious mental illness or substance abuse problems.
- \$26.5 million to support services for Missouri seniors including a rate increase for in-home service providers, a rate increase for hospice providers, and additional funding to support the state's Area Agencies on Aging.
- \$24.1 million to provide quality child care for low-income children, substance abuse treatment for families at risk of entering the

child protective services system, rate increases for residential care/ foster care/ child care/adoption/guardianship providers, and expansion of the Children's Division to achieve national accreditation.

- \$14.7 million for health and wellness efforts including tobacco cessation services for MO HealthNet participants, the state's tobacco toll-free quit line, youth smoking prevention programs, public health services, and the Show Me Healthy Women Program.

Governor Blunt's other key priorities receiving funding increases include:

- \$16.2 million to assist Missouri ethanol and biodiesel production.
- \$11.3 million to support local cultural partners through the distribution of the income taxes from non-resident athlete and entertainers.
- \$36 million for improvements to state conservation areas.
- \$483 million for additional road construction projects.
- \$22 million for highway guard cables, reflective striping, and signage.
- \$11.9 million for grants aimed at reducing death, injury, and property damage on state highways.
- \$20.9 million to enhance communication systems between state and local enforcement and emergency responders.
- \$9 million to begin implementation of a statewide interoperable communications system.
- \$9.2 million for Missouri veterans including mental health services, pharmacy services, capital improvements at veterans' homes, outreach services, and pay increases for critical care positions at veterans' homes.
- \$78.9 million, including fringe benefits, for a three percent pay increase for all state employees.
- \$6.9 million, including fringe benefits, to address recruitment and retention issues in certain critical job classes.
- \$25.8 million to recognize the liability of future retiree health care costs.
- \$17.8 million to continue the state's share for health insurance coverage for state employees.

II. REVIEW OF THE FISCAL YEAR 2008 BUDGET

After a respectable year of collections in Fiscal Year 2007, state general revenues have continued to grow in Fiscal Year 2008, but the effects of the national economic slowdown are becoming evident. Through the first six months of Fiscal Year 2008, net general revenue

collections are up by 4.2 percent. The December revision to the consensus revenue estimate resulted in a slight decrease in estimated growth, dropping to 3.1 percent a lower rate, but on a larger base, resulting in an additional \$37.2 million available this fiscal year. Continued strength in individual income tax receipts is expected based on good personal income growth during Calendar Year 2007, but a slowdown in sales taxes is occurring, and tax credit redemptions continue to increase. In addition, tax changes enacted during the 2007 legislative session will impact spring receipts. Supplemental appropriations are necessary to absorb some costs that will exceed their original estimates. These include costs to fund the school foundation formula, to continue quality services at certain state facilities, to fund health care for Missouri citizens, to fund capital improvement projects at state agencies and public universities, to offset citizens' energy costs through the Utilicare program, and to cover increases in the fuel and utility costs of state agencies. Nevertheless, because of the strength of collections during the previous four fiscal years, and the fiscal discipline adhered to by Governor Blunt, it is unlikely the Governor will need to withhold funds in Fiscal Year 2008 to meet his Constitutional obligation to balance the budget.

III. THE ECONOMIC OUTLOOK

U.S. Economic Position

The U.S. economy was hit by a trio of adverse shocks in Calendar Year 2007 that made the soft landing the Federal Reserve desired perilously rocky. The housing market has yet to reach its lowest point and construction activity and housing prices are expected to continue declining into 2008. The sweeping repricing of risk in financial markets, sparked by the implosion of mortgage-backed securities, tightened up credit markets and made liquidity scarce. Finally, energy prices continued to spike, with oil topping out near \$99 per barrel. These events required an aggressive monetary policy response. Interest rates were lowered and loan provisions were loosened by the Federal Reserve. In the meantime, manufacturers continued to struggle, but exporters were buoyed by the weakening dollar. Further, service industries continued to flourish as consumers remained resilient. So far, the U.S. economy has evaded the palpable, and growing, threat of recession.

Employment growth, on a year-over-year basis, averaged around 1.3 percent in 2007, but has slowed to 1.1 percent in the most recent quarter. Consequently, the unemployment rate rose to 4.7 percent in November 2007. Despite

this, personal income continued its strong growth during the past year. Nominal consumer spending has cooled in recent quarters, and energy prices dominate an increasing portion of outlays. Inflation rates, boosted by rising energy and commodity prices, are among the highest rates seen over the last ten years. Indeed, the Federal Reserve remains uncomfortable with growth in prices, and remains fearful of stoking inflation with overly aggressive interest rate reductions.

The U.S. economy is expected to return to average growth by Calendar Year 2009, but the immediate future is highly uncertain. While most forecasters are calling for slim economic growth over the next six months, the specter of a mild recession looms as consumers become frustrated by declining housing wealth, resetting adjustable rate mortgages, tighter credit, and higher energy prices that refuse to moderate.

Real GDP, after growing only 2.2 percent in 2007, is expected to grow only 2.4 percent in 2008, not returning to “trend” growth near 3 percent until late in the year. Employment is expected to grow by about 1.2 million jobs, or an average of 0.9 percent, but unemployment is projected to return to near 5 percent. Personal income growth, after reaching over 6 percent the last two years, is expected to slow noticeably to 4.8 percent, as salary growth cools to 4.4 percent. Nominal consumer expenditures are anticipated to increase by only 4.4 percent, with much of this slight increase shifting to gasoline and other energy products. The inflation rate as measured by the Consumer Price Index is expected to eventually decline to near 2.8 percent, but core inflation (which excludes volatile food and energy prices) will likely remain contained near 2.3 percent as economic growth slows. These moderate inflation expectations give the Federal Reserve room to be flexible and creative with monetary policy to ward off a more severe economic downturn. Corporate profits will cool from record highs to growth rates in the single-digits, as cost pressures mount. These overall trends should give way to growth rates closer to historical averages in Calendar Year 2009.

With slower economic growth predicted, the downside risks must be considered:

- Investors took advantage of numerous new types of exotic mortgages with back-loaded payments during the home construction boom. Now, payments are being reset at levels much higher than when the loans were established. Higher loan payments will further burden overextended consumers. An increase in delinquencies and foreclosures is already evident.
- The housing market may not recover in the

spring as hoped. The oversupply of houses is being exacerbated by the foreclosures mentioned above. Construction, real estate, and finance jobs may decline sharply, and the housing recession may spill over into the broader economy.

- Banks may become unwilling to lend to each other, or to even the most credit-worthy businesses and consumers, as risk continues to be repriced in the fallout of the mortgage-backed equities collapse. Financing options may become prohibitively expensive if lenders demand punitive interest rates or substantial collateral.
- Consumers face diminishing housing wealth as prices decline. The amount of equity financing available to consumers has therefore dropped, and what is available is more expensive due to relatively high interest rates. Consumers will become unlikely, or unable, to extend their debt burdens if housing prices drop further, curtailing purchases on durable goods.
- Energy prices are perpetually volatile. Demand for oil in developing nations continues to rise and few forecasters are calling for a significant price decline. Recent history has demonstrated that unexpected supply or demand issues will trigger a significant price reaction. Consumers must absorb a new floor for gasoline prices near three dollars a gallon.
- The possibility of an act of violence against U.S. economic interests cannot be ignored as numerous geopolitical issues remain unsettled.

A few factors provide some upside risk to this forecast:

- The global economy continues to expand, driven by growing domestic demand within overseas economies. Therefore, net exports from the U.S. are expected to increase, buoyed by a weaker dollar that makes U.S. goods and services abroad more affordable.
- Consumers continue to spend, albeit at a slower pace, and employment growth has remained steady through 2007. Consumer and business activity is supported by the aggressive changes in interest rates and loan policies implemented by the Federal Reserve.
- Core consumer price inflation remains tame despite the sharp rise in energy prices.
- The balance sheets of corporations and businesses remain healthy, and profits from the previous years are available for investment. Productivity of U.S. workers continues to increase. Therefore, equity markets, despite recent volatility, are expected to improve during 2008.

Economic Projections			
	Increase by Calendar Year		
<u>U.S.</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Real GDP	2.2 %	2.4 %	2.9 %
Total Employment	1.3 %	0.9 %	1.1 %
Unemployment Rate	4.8 %	5.1 %	5.0 %
Personal Income	6.2 %	4.8 %	5.5 %
Consumer Expenditures	5.4 %	4.4 %	4.5 %
Consumer Prices	2.8 %	2.7 %	2.0 %
 <u>MISSOURI</u>			
Total Employment	0.8 %	0.4 %	0.6 %
Personal Income	5.4 %	4.0 %	4.3 %

Missouri Economic Position

The Missouri economy, like that of the nation, continued to grow in Calendar Year 2007, but has come up against the strong currents of the housing and auto manufacturing slowdowns. After peaking at record levels in the spring, Missouri employment declined slightly into the autumn. According to U.S. Bureau of Labor Statistics' data, through November 2007, the state gained 12,000 jobs over the previous twelve months, growth of 0.4 percent, and 87,900 jobs since January 2005. Between November 2006 and November 2007, 6,200 jobs were lost in motor vehicle and transportation equipment manufacturing, a reduction of 9.5 percent. Conversely, the state gained 18,900 private service-producing jobs over the same period, an increase of 1.0 percent. Despite this churning in the job market, on a year-over-year basis, personal income growth during Calendar Year 2007 is projected to be 5.4 percent, which is above average.

Missouri's economic outlook over the next two years is similar to that of the nation, weighed down by the general outlook in the housing and automotive industries. However, Missouri's exporters are benefiting from the weak dollar, and continue setting new records for total exports. Growth will continue in the service sectors. Below average employment growth of 0.4 to 0.6 percent is expected annually. Personal income growth will slow to 4.0 percent in 2008, increasing to 4.3 percent in 2009. Risks to this outlook include slower consumer spending as a result of sharply reduced

residential investment activity and higher energy prices, and further slowdowns in vehicle manufacturing.

IV. REVENUE PROJECTIONS FOR FISCAL YEARS 2007 AND 2008

Revenue forecasting is challenging under the best of circumstances. When uncertainties overshadow the economic forecast, the undertaking becomes even more difficult. Unpredictable energy prices and volatile equity markets further complicate this mission. Nonetheless, the state must move ahead with its budget based on the best available economic information. Governor Blunt is committed to working constructively with members of the General Assembly to ensure the state follows sound budget policies. As a first step, the Governor worked with legislative leaders to develop a consensus revenue estimate.

General revenue growth below long-term averages is expected in the coming fiscal year. The revised Fiscal Year 2008 and initial Fiscal Year 2009 revenue estimates project net growth of 3.1 percent and 3.4 percent, respectively. The revenue base has held up well through the first half of the current fiscal year. Growth in individual income tax receipts is expected to remain strong, and may be boosted further as a result of capital gains stemming from active equity markets. However, consumer spending on taxable items is being dragged down as consumers consider reducing debt loads and dealing with high energy prices. Tax changes in the form of income tax relief for seniors and

sales tax relief for manufacturers will slow revenue growth. Another year of substantial tax credit growth will reduce receipts, but the new programs championed by the Governor this past year will help to spur economic development. General revenues in Fiscal Year 2009 will be affected by the slowing in the overall economy. Finally, the continued implementation of the 2004 transportation ballot initiative, Constitutional Amendment No. 3, will impact fiscal years 2008 and 2009. This will lower general revenue collections by an estimated \$30 million annually.

V. REVENUE LIMITATION AMENDMENT

Article X of the Missouri Constitution establishes a revenue and spending limit on state government. The limit is about 5.6 percent of Missouri personal income, based on the relationship between personal income and total state revenues when the limit was established and approved by voters in November 1980. Calculations made pursuant to Article X of the Missouri Constitution show that total state revenues for Fiscal Year 2007 were below the total state revenue limit by nearly \$1.3 billion.

The Office of Administration projects that total state revenues will not exceed the total state revenue limit in Fiscal Years 2008 or 2009. These preliminary calculations are subject to change as actual state revenue collections become known and as the federal government revises its estimates of Missouri personal income. These projections could change if the General Assembly were to pass legislation to increase revenue without a vote of the people. Per Article X of the Missouri Constitution, revenue approved by the voters is not subject to the revenue and spending limit.

Article X, Section 18(e) of the Missouri Constitution imposes an additional revenue limit, which states the General Assembly shall not increase taxes or fees in any fiscal year, without voter approval, that in total produce new annual revenues greater than \$50 million adjusted annually by the percentage change in the personal income of Missouri for the second previous year, or one percent of total state revenues for the second fiscal year prior to the General Assembly's action, whichever is less.

New annual revenues mean the net increase in annual revenues produced by the total of all tax or fee increases by the General Assembly in a fiscal year, less refunds and less all contemporaneously occurring tax or fee reductions in that same fiscal year.

For Fiscal Year 2007, these limits are calculated at \$84.3 million for the personal income amount and \$80.9 million for the one percent of total state revenues amount. Legislative actions in the 2007

session resulted in a reduction of \$163.4 million in state revenues, which is clearly below the constitutional limit.

For Fiscal Year 2008, the limits are calculated at \$88.8 million for the personal income amount and \$86.0 million for the one percent of total state revenues amount.

VI. TAX REFORM AND INCENTIVES FOR MISSOURI CITIZENS AND BUSINESSES

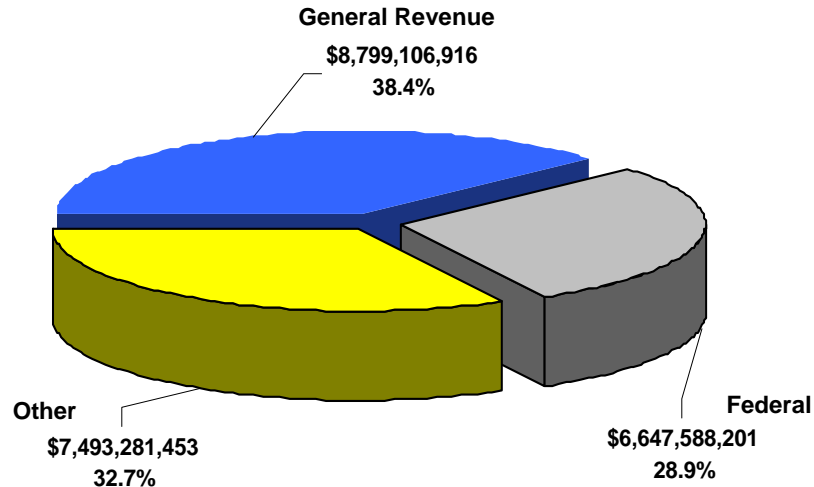
Governor Blunt was successful during last year's legislative session in passing tax relief for Missouri citizens and businesses. For 2008, the Governor continues to build on those successes by supporting the following additional initiatives:

- Military Pension Income Tax Exemption. This proposal accelerates the provisions of HB 444 (2007) for veterans by eliminating the six-year phase-in for pension exemptions, eliminating the retirement age restriction, and exempting social security benefits regardless of age and income. Estimated cost is \$22.5 million.
- Increase the Cap on the Missouri Agricultural and Small Business Development Authority Tax Credits. The current rush of ethanol and biodiesel projects is expected to completely absorb the credits available for this program. In order to support the development of other important value-added agricultural businesses, the proposal raises the cap from \$6 million to \$12 million. Estimated cost is \$6 million.
- Establish the Missouri Venture Capital Enhancement Program. This proposal provides \$5 million in income tax credits to investors who provide venture capital to high-tech companies. Provisions will be included to ensure the companies remain in Missouri. Estimated cost is \$5 million.
- Renewable Fuel Usage. This proposal provides tax credits for the costs of constructing a qualified alternative fuel vehicle refueling property, tax credits for the purchase of E85 gasoline, and a tax deduction for the purchase of qualified hybrid vehicles. Estimated cost is \$2.8 million.
- Energy Conservation. This proposal authorizes a Show Me Green sales tax holiday week, each April, to encourage consumers to purchase ENERGY STAR appliances. Estimated cost is \$1.1 million (\$800,000 GR).

FY 2009 TOTAL OPERATING BUDGET

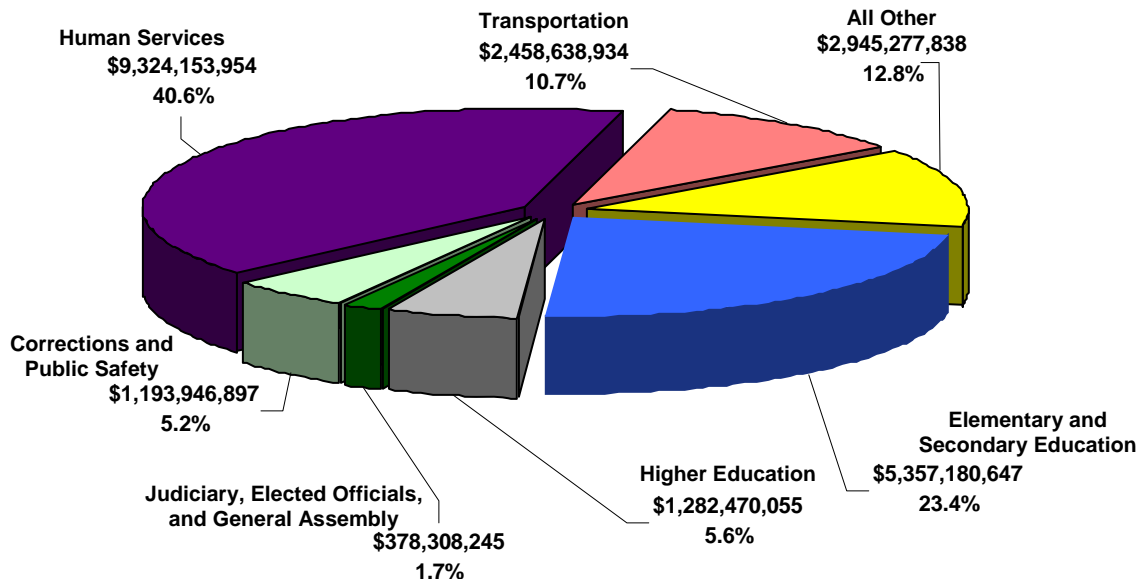
SOURCES OF FUNDS

Total Funds* \$22,939,976,570



GOVERNOR'S RECOMMENDED OPERATING BUDGET—ALL FUNDS

Total Appropriations* \$22,939,976,570



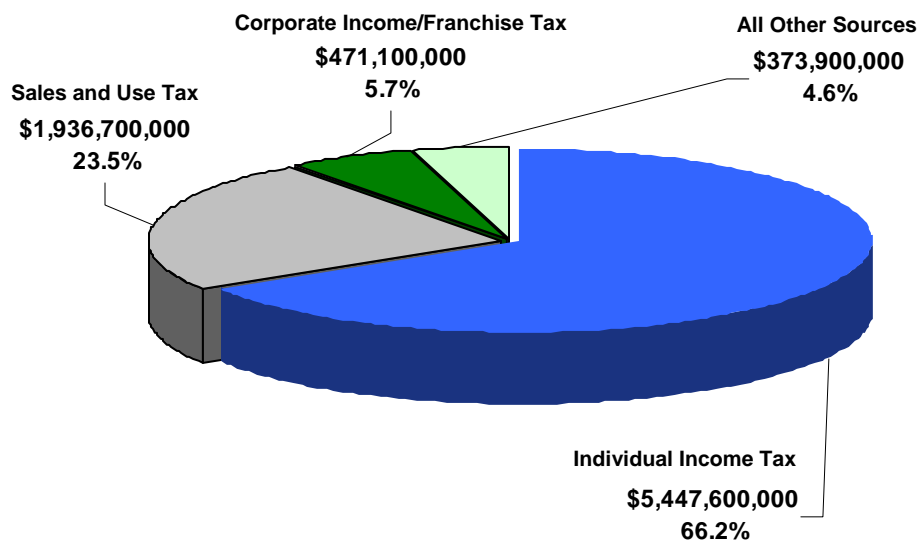
*Excludes refunds

GENERAL REVENUE RECEIPTS AND ESTIMATES

	Actual Receipts FY 2007	Consensus Estimate FY 2008	Consensus Estimate FY 2009
<u>Collections</u>			
Individual Income Tax	\$ 5,726,544,633	\$ 6,091,300,000	\$ 6,367,100,000
Sales and Use Tax	2,043,026,979	2,028,600,000	2,038,700,000
Corporate Income/Franchise Tax	631,736,793	645,500,000	669,100,000
County Foreign Insurance Tax	199,132,200	201,800,000	204,000,000
Liquor Tax	25,807,189	26,200,000	27,000,000
Beer Tax	8,430,409	8,500,000	8,700,000
Inheritance/Estate Tax	5,971,861	800,000	0
Interest on Deposits and Investments	53,823,724	60,000,000	55,000,000
Federal Reimbursements	78,103,992	71,300,000	70,400,000
All Other Sources	<u>152,582,561</u>	<u>142,600,000</u>	<u>145,300,000</u>
Total General Revenue Collections	8,925,160,341	9,276,600,000	9,585,300,000
Refunds	<u>(1,208,797,133)</u>	<u>(1,320,000,000)</u>	<u>(1,356,000,000)</u>
Net General Revenue Collections	\$ 7,716,363,208	\$ 7,956,600,000	\$ 8,229,300,000
Net Growth Rate		3.1%	3.4%

FY 2009 CONSENSUS REVENUE ESTIMATE

Net General Revenue \$8,229,300,000



GENERAL REVENUE SUMMARY

RESOURCES

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Beginning Balance	\$ 600,630,793	\$ 597,888,724	\$ 506,096,668
Previous Year's Lapse (1)	94,700,436	155,113,164	161,433,814
Revenue Collections	8,925,196,736	9,276,600,000	9,585,300,000
Governor's Proposed Tax Changes	0	0	(37,100,000)
Refunds	(1,208,797,133)	(1,320,000,000)	(1,356,000,000)
Transfers to Fund	204,290,891	160,941,111	152,346,616
Total Resources Available	\$ 8,616,021,722	\$ 8,870,542,999	\$ 9,012,077,098

OBLIGATIONS

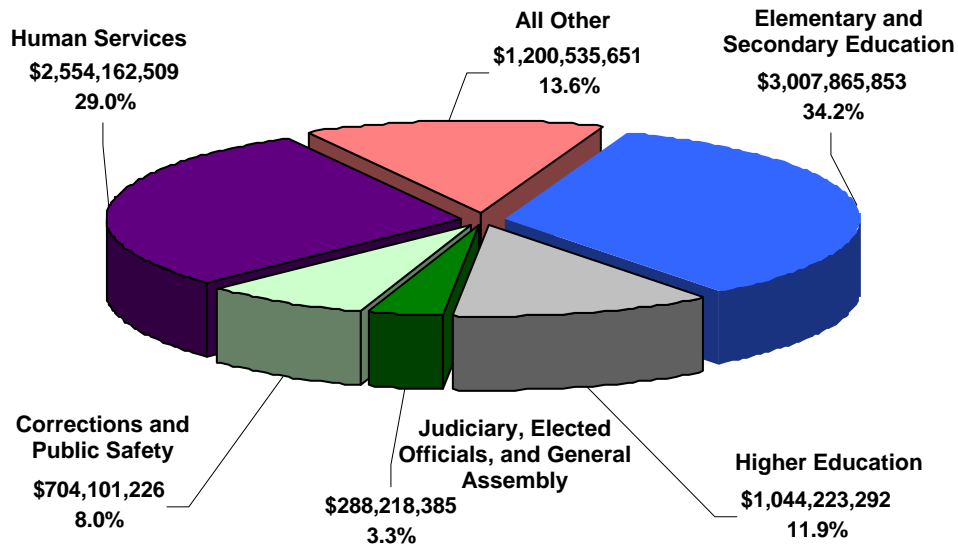
Operating Appropriations	\$ 7,721,701,972	\$ 8,212,907,639	\$ 8,799,106,916
Capital Improvements Appropriations	73,727,987	72,079,240	92,927,322
Supplementals	120,342,445	59,459,452	50,000,000
Increased Estimateds	102,360,594	20,000,000	20,000,000
Total Obligations	\$ 8,018,132,998	\$ 8,364,446,331	\$ 8,962,034,238
Ending Balance	\$ 597,888,724	\$ 506,096,668	\$ 50,042,860

NOTES TO GENERAL REVENUE SUMMARY

(1) Unexpended appropriations are counted as a resource in the next fiscal year to avoid premature commitment of uncertain resources until actual lapses are known. This includes reserves authorized by Section 33.290, RSMo.

GOVERNOR'S RECOMMENDED OPERATING BUDGET—GENERAL REVENUE

Total Appropriations* \$8,799,106,916



*Excludes refunds

FY 2009 OPERATING AND CAPITAL BUDGET SUMMARY

House Bill	FY 2007 Expenditure	FY 2008 Appropriation	Governor's Recommendation FY 2009
1	<u>Public Debt</u>		
General Revenue	\$ 93,583,360	\$ 91,464,696	\$ 89,899,194
Federal Funds	0	0	0
Other Funds	970,932	6,155,798	8,332,977
Total	\$ 94,554,292	\$ 97,620,494	\$ 98,232,171
2	<u>Elementary and Secondary Education</u>		
General Revenue	\$ 2,790,215,650	\$ 2,844,383,545	\$ 3,007,865,853
Federal Funds	832,328,755	956,462,095	949,213,291
Other Funds	1,333,736,613	1,418,575,339	1,400,101,503
Total	\$ 4,956,281,018	\$ 5,219,420,979	\$ 5,357,180,647
3	<u>Higher Education</u>		
General Revenue	\$ 871,081,458	\$ 936,476,532	\$ 1,044,223,292
Federal Funds	2,639,890	6,482,693	5,019,468
Other Funds	196,234,027	232,101,090	233,227,295
Total	\$ 1,069,955,375	\$ 1,175,060,315	\$ 1,282,470,055
4	<u>Revenue</u>		
General Revenue	\$ 87,807,232	\$ 88,418,233	\$ 90,574,186
Federal Funds	3,577,818	6,411,958	6,419,221
Other Funds	349,609,811	343,711,546	345,723,127
Total	\$ 440,994,861	\$ 438,541,737	\$ 442,716,534
4	<u>Transportation</u>		
General Revenue	\$ 11,668,541	\$ 12,559,321	\$ 14,093,194
Federal Funds	83,547,114	59,729,150	73,961,070
Other Funds	2,252,176,163	2,161,235,280	2,370,584,670
Total	\$ 2,347,391,818	\$ 2,233,523,751	\$ 2,458,638,934
5	<u>Office of Administration</u>		
General Revenue	\$ 188,554,486	\$ 174,967,305	\$ 181,511,024
Federal Funds	60,412,291	74,978,156	73,998,044
Other Funds	38,369,528	37,110,668	60,204,427
Total	\$ 287,336,305	\$ 287,056,129	\$ 315,713,495
5	<u>Employee Benefits</u>		
General Revenue	\$ 506,122,241	\$ 511,060,457	\$ 546,980,426
Federal Funds	143,621,317	158,710,521	165,529,733
Other Funds	135,224,953	148,231,944	156,234,607
Total	\$ 784,968,511	\$ 818,002,922	\$ 868,744,766
6	<u>Agriculture</u>		
General Revenue	\$ 26,835,405	\$ 51,609,757	\$ 68,976,364
Federal Funds	4,941,471	4,522,577	4,614,629
Other Funds	10,903,802	14,779,969	14,409,809
Total	\$ 42,680,678	\$ 70,912,303	\$ 88,000,802

FY 2009 OPERATING AND CAPITAL BUDGET SUMMARY

House Bill	FY 2007 <u>Expenditure</u>	FY 2008 <u>Appropriation</u>	Governor's Recommendation <u>FY 2009</u>
6 <u>Natural Resources</u>			
General Revenue	\$ 9,734,552	\$ 12,093,469	\$ 17,449,642
Federal Funds	32,044,849	43,242,217	42,541,044
Other Funds	253,762,915	271,917,009	276,162,637
Total	\$ 295,542,316	\$ 327,252,695	\$ 336,153,323
6 <u>Conservation</u>			
General Revenue	\$ 0	\$ 0	\$ 0
Federal Funds	0	0	0
Other Funds	129,029,169	143,254,143	145,534,841
Total	\$ 129,029,169	\$ 143,254,143	\$ 145,534,841
7 <u>Economic Development</u>			
General Revenue	\$ 42,824,008	\$ 64,257,953	\$ 78,297,659
Federal Funds	134,272,418	169,435,600	169,847,375
Other Funds	31,119,914	71,665,950	76,573,551
Total	\$ 208,216,340	\$ 305,359,503	\$ 324,718,585
7 <u>Insurance, Financial Institutions and Professional Registration</u>			
General Revenue	\$ 0	\$ 0	\$ 0
Federal Funds	600,000	600,000	700,000
Other Funds	28,405,456	35,033,466	36,223,908
Total	\$ 29,005,456	\$ 35,633,466	\$ 36,923,908
7 <u>Labor and Industrial Relations</u>			
General Revenue	\$ 2,354,887	\$ 2,543,177	\$ 2,652,944
Federal Funds	37,994,248	52,912,523	47,444,717
Other Funds	98,468,162	90,145,653	91,629,596
Total	\$ 138,817,297	\$ 145,601,353	\$ 141,727,257
8 <u>Public Safety</u>			
General Revenue	\$ 63,648,693	\$ 75,062,497	\$ 96,046,994
Federal Funds	170,013,548	112,363,977	131,825,325
Other Funds	245,104,279	278,657,529	301,220,605
Total	\$ 478,766,520	\$ 466,084,003	\$ 529,092,924
9 <u>Corrections</u>			
General Revenue	\$ 555,309,382	\$ 569,234,250	\$ 608,054,232
Federal Funds	5,154,850	7,468,169	6,941,995
Other Funds	32,444,590	47,396,485	49,857,746
Total	\$ 592,908,822	\$ 624,098,904	\$ 664,853,973
10 <u>Mental Health</u>			
General Revenue	\$ 554,971,665	\$ 590,355,650	\$ 620,453,730
Federal Funds	421,254,035	482,058,417	495,321,154
Other Funds	34,769,599	38,160,615	39,653,471
Total	\$ 1,010,995,299	\$ 1,110,574,682	\$ 1,155,428,355

FY 2009 OPERATING AND CAPITAL BUDGET SUMMARY

House <u>Bill</u>	FY 2007 <u>Expenditure</u>	FY 2008 <u>Appropriation</u>	Governor's Recommendation <u>FY 2009</u>
10 <u>Health and Senior Services</u>			
General Revenue	\$ 229,934,701	\$ 230,529,204	\$ 253,259,855
Federal Funds	511,750,459	571,858,282	589,894,559
Other Funds	18,301,404	27,241,392	27,489,859
Total	\$ 759,986,564	\$ 829,628,878	\$ 870,644,273
11 <u>Social Services</u>			
General Revenue	\$ 1,381,363,389	\$ 1,573,140,417	\$ 1,680,448,924
Federal Funds	2,820,930,372	3,390,144,700	3,826,596,098
Other Funds	1,585,997,969	1,680,832,676	1,791,036,304
Total	\$ 5,788,291,730	\$ 6,644,117,793	\$ 7,298,081,326
12 <u>Elected Officials</u>			
General Revenue	\$ 52,230,989	\$ 48,501,656	\$ 51,393,361
Federal Funds	27,185,013	23,358,160	23,548,603
Other Funds	37,170,425	46,689,935	42,217,222
Total	\$ 116,586,427	\$ 118,549,751	\$ 117,159,186
12 <u>Judiciary</u>			
General Revenue	\$ 155,399,840	\$ 164,129,636	\$ 168,365,423
Federal Funds	5,712,966	10,284,578	10,408,187
Other Funds	10,401,884	10,237,705	10,518,330
Total	\$ 171,514,690	\$ 184,651,919	\$ 189,291,940
12 <u>Public Defender</u>			
General Revenue	\$ 30,749,791	\$ 32,680,606	\$ 33,901,815
Federal Funds	0	125,000	125,000
Other Funds	2,231,421	2,976,491	2,980,263
Total	\$ 32,981,212	\$ 35,782,097	\$ 37,007,078
12 <u>General Assembly</u>			
General Revenue	\$ 31,323,031	\$ 33,248,859	\$ 34,557,786
Federal Funds	0	0	0
Other Funds	147,111	194,250	292,255
Total	\$ 31,470,142	\$ 33,443,109	\$ 34,850,041
13 <u>Real Estate</u>			
General Revenue	\$ 40,810,895	\$ 106,190,419	\$ 110,101,018
Federal Funds	18,416,684	23,627,113	23,638,688
Other Funds	8,797,420	13,640,476	13,072,450
Total	\$ 68,024,999	\$ 143,458,008	\$ 146,812,156
14 <u>Operating Supplemental</u>			
General Revenue		\$ 44,420,022	
Federal Funds		15,102,838	
Other Funds		38,464,471	
Total		\$ 97,987,331	

FY 2009 OPERATING AND CAPITAL BUDGET SUMMARY

House Bill	FY 2007 Expenditure	FY 2008 Appropriation	Governor's Recommendation FY 2009
15 <u>Operating Supplemental</u>			
General Revenue		\$ 6,440,785	
Federal Funds		0	
Other Funds		0	
Total		\$ 6,440,785	
22 <u>Operating Supplemental</u>			
General Revenue		\$ 1,872,261	
Federal Funds		0	
Other Funds		0	
Total		\$ 1,872,261	
<u>Total Operating Budget</u>			
General Revenue	\$ 7,726,524,196	\$ 8,265,640,707	\$ 8,799,106,916
Federal Funds	5,316,398,098	6,169,878,724	6,647,588,201
Other Funds	6,833,377,547	7,158,409,880	7,493,281,453
Total	\$ 19,876,299,841	\$ 21,593,929,311	\$ 22,939,976,570
18 <u>Capital Improvements - Maintenance and Repair</u>			
General Revenue	\$ 60,886,755	\$ 72,079,240	\$ 75,289,639
Federal Funds	3,025,000	3,173,382	3,173,381
Other Funds	10,641,001	7,356,611	7,207,433
Total	\$ 74,552,756	\$ 82,609,233	\$ 85,670,453
19 <u>Capital Improvements - Construction Supplemental</u>			
General Revenue	\$ 0	\$ 0	\$ 0
Federal Funds	0	0	0
Other Funds	0	46,182,000	0
Total	\$ 0	\$ 46,182,000	\$ 0
20 <u>Capital Improvements - Construction Supplemental</u>			
General Revenue	\$ 0	\$ 6,726,384	\$ 0
Federal Funds	0	6,050,001	0
Other Funds	0	6,819,190	0
Total	\$ 0	\$ 19,595,575	\$ 0
21 <u>Capital Improvements - Construction Supplemental</u>			
General Revenue	\$ 0	\$ 0	\$ 0
Federal Funds	0	0	0
Other Funds	0	10,000,000	0
Total	\$ 0	\$ 10,000,000	\$ 0

FY 2009 OPERATING AND CAPITAL BUDGET SUMMARY

House <u>Bill</u>	FY 2007 <u>Expenditure</u>	FY 2008 <u>Appropriation</u>	Governor's Recommendation <u>FY 2009</u>
23			
<u>Capital Improvements -</u>			
<u>Construction</u>			
General Revenue	\$ 12,841,232	\$ 0	\$ 17,637,683
Federal Funds	45,704,865	0	1,900,002
Other Funds	38,789,962	0	50,508,489
Total	\$ 97,336,059	\$ 0	\$ 70,046,174
<u>Total Capital Improvements Budget</u>			
General Revenue	\$ 73,727,987	\$ 78,805,624	\$ 92,927,322
Federal Funds	48,729,865	9,223,383	5,073,383
Other Funds	49,430,963	70,357,801	57,715,922
Total	\$ 171,888,815	\$ 158,386,808	\$ 155,716,627
GRAND TOTAL			
General Revenue	\$ 7,800,252,183	\$ 8,344,446,331	\$ 8,892,034,238
Federal Funds	5,365,127,963	6,179,102,107	6,652,661,584
Other Funds	6,882,808,510	7,228,767,681	7,550,997,375
Total	\$ 20,048,188,656	\$ 21,752,316,119	\$ 23,095,693,197

FY 2007 expenditures do not include refunds of \$1,258,013,328, including \$1,208,134,353 general revenue.

FY 2008 appropriations do not include refunds of \$1,347,602,565, including \$1,300,173,371 general revenue.

FY 2009 Governor's recommendations do not include refunds of \$1,403,688,522, including \$1,356,173,371 general revenue.

**SUPPLEMENTAL RECOMMENDATIONS
FISCAL YEAR 2008**

	<u>GENERAL REVENUE</u>	<u>FEDERAL FUNDS</u>	<u>OTHER FUNDS</u>	<u>TOTAL*</u>
Department of Elementary and Secondary Education	\$ 20,967,992	\$ 15,000	\$ 32,688,981	\$ 53,671,973
Department of Higher Education	8,000	0	330,000	338,000
Department of Revenue	1,473,365	0	80,646	1,554,011
Department of Agriculture	2,037,104	36,326	67,456	2,140,886
Department of Natural Resources	0	0	35,968	35,968
Department of Economic Development	100,000	0	0	100,000
Department of Insurance, Financial Institutions and Professional Registration	0	100,000	1,169,730	1,269,730
Department of Public Safety	3,833,984	0	1,021,902	4,855,886
Department of Corrections	4,189,672	0	0	4,189,672
Department of Mental Health	3,946,301	816,011	0	4,762,312
Department of Health and Senior Services	6,990,205	8,372,234	0	15,362,439
Department of Social Services	7,744,148	5,671,715	2,914,756	16,330,619
Elected Officials	156,524	0	0	156,524
Office of Public Defender	145,680	0	0	145,680
General Assembly	40,000	0	0	40,000
Statewide Leasing	1,100,093	91,552	155,032	1,346,677
Capital Improvements	<u>6,726,384</u>	<u>6,050,001</u>	<u>63,001,190</u>	<u>75,777,575</u>
	\$ 59,459,452	\$ 21,152,839	\$ 101,465,661	\$ 182,077,952
TOTAL HOUSE BILLS 2014 - 2015 and 2019 - 2022				

*Excludes refunds and other items not included in Executive Budget totals.